

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN STEVE VICK**, on March 12, 2001 at 3:00 P.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Steve Vick, Chairman (R)
Rep. Dave Lewis, Vice Chairman (R)
Rep. Matt McCann, Vice Chairman (D)
Rep. John Brueggeman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Rep. Tim Callahan (D)
Rep. Edith Clark (R)
Rep. Bob Davies (R)
Rep. Stanley Fisher (R)
Rep. Dick Haines (R)
Rep. Joey Jayne (D)
Rep. Dave Kasten (R)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. Jeff Pattison (R)
Rep. Art Peterson (R)
Rep. Joe Tropila (D)
Rep. John Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Paula Broadhurst, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 620, 3/9/01, HB 10, 3/9/01

Executive Action: HB 620, HB 10, HB 122, HB 57, HB 324,
HB 273, HB 217, HB 348, HB 38
HB 608, HB 32, HB 177, HB 65, HB 291

HEARING ON HB 620

Sponsor: REP. RON DEVLIN, HB 3, TERRY

Proponents: Jim Jacobsen, Montana Veterans Affairs Division
Herb Ballou, Montana Order of Purple Heart
Emil Eschenburg, General
John Denherder, representing himself
Mike Hankins, U S Army Veteran
Hal Manson, American Legion
Harry Longfellow, Veterans of Foreign Wars

Opponents: None

Informational Witnesses: Dean Roberts, Administrator of Motor
Vehicle Division

Opening Statement by Sponsor:

REP. RON DEVLIN, HB 3, TERRY said HB 620 offered a reduction in fees for veterans who have been awarded the Purple Heart. Veterans distinguish between 100% disabled and those who have been awarded the Purple Heart because the Purple Heart was awarded for injuries that were received in a combat zone. This is something we would like to do in recognition of our service people who have made sacrifices. The problem is that the fiscal note may have some misrepresentations and he did not sign it because it made false assumptions. The bill will raise the eligibility for receiving the fee reduction to 50% disability. The fiscal note makes the assumption that half of those awarded the Purple Heart would have 50% disability. REP. DEVLIN believes that the number of people who have the Purple Heart that have 50% or more disability is much less than half. A lot of Purple Heart veterans would currently be getting the 100% Disabled Veteran reduction. The amount of fiscal impact would be much less than what is on the fiscal note, and not all the impact would be at the local level as it shows.

Proponents' Testimony:

Jim Jacobsen, Montana Veterans Affairs Division said they support the bill to provide for those special veterans that been awarded the Purple Heart for their combat injuries. The state veteran's cemetery program is financed from the sale of state veteran's license plates. The Purple Heart plates provide an extra \$10 for the cemetery and this will continue. Of the 100,000 veterans in Montana, about 10,000 are currently service connected. Of the 10,000 veterans, about 3,000 would be in the category of 50% disabled or higher. Of the 3,000 veterans, about 1,000 are 100%

disabled and are currently getting the Disabled Veteran plate for \$5. We are really talking about the potential of 2,000 that are between 50% and 90% disabled. What we don't know is how many Purple Heart recipients we have in Montana. Some of them don't even take advantage of federal veteran's administration benefits.

Herb Ballou, Montana Order of Purple Heart spoke in support of the bill and introduced **Emil Eschenburg**.

Emil Eschenburg, General said he is a holder of the Purple Heart and 77 decorations for valor in the field of battle. He emphasized the importance of the Purple Heart which is different than Disabled Veterans. In the case of a disabled person, he may have slipped on a banana peel, bumped his head and had 100% disability. In order to get a Purple Heart you have to be out in combat and an instrument from the enemy has to injure you. He urged support of the bill.

John Denherder, representing himself, said he is a disabled American veteran and presented "Proposed Amendments to HB 620", **EXHIBIT (aph56b01)**. He urged support of the bill.

Mike Hankins, U S Army Veteran said he was an officer in the U. S. Army during the Korean conflict and he represented a number of veteran's organizations. He is the official liaison from the Vietnam Veterans of America and the Associates of the Vietnam Veterans of America. They are concerned that the fiscal note is written on the basis of how many Purple Hearters there are. He said that he and Herb Ballou have interviewed most of the organizations whose membership included many who have been awarded the Purple Heart. As of this morning, there are about 3300 combat wounded veterans still in residence that have the Purple Heart. Of those that are 50% disabled that are not qualified as disabled American veterans, there are 114. He said it is not likely there would be as many as 250 Montana veterans that are both 50% or greater disabled and not included on the rolls of the disabled American veterans. Veterans spend an average of \$123.40 each year to register their vehicles. These people's disability has been with them for many years and has affected their family life, their ability to earn a living, and their ability to exist in the America they fought to preserve. He asked for consideration of the legislation before them.

Hal Manson, American Legion of Montana said many members of the American Legion have the Purple Heart and a lot of them are disabled. As an organization, they feel this would be very fair to those people who have gone to combat, have been wounded by the enemy, and have come home 50% or more disabled. He said they don't believe it will be very costly and urged support.

Harry Longfellow, Veterans of Foreign Wars said they support HB 620 and would appreciate the committee's support also.

Opponents' Testimony: None

Informational Witnesses:

Dean Roberts, Administrator of Motor Vehicle Division said the issues lie in the fiscal note. They didn't have any figures to work from so they took the data they had and estimated there are about 697 motor vehicles that have Purple Heart plates. Obviously, some Purple Hearters that are 100% disabled choose that plate because it is only \$5, and there are probably more than that. He said he had no problem with the figure of 114. There is not much state money involved here, it is mostly county. There is not a big impact to the county. If you spread that over 56 counties, that is not very much money.

Questions from Committee Members and Responses:

REP. JAYNE commented that her father was a World War II Veteran who served on the USS Hornet and she appreciated that they are here before the committee today. She said they would do what they could to assist the veterans.

Closing by Sponsor:

REP. DEVLIN said this is something we should do to recognize the sacrifices these people have made. Everyone here has backed up the statement that the fiscal note is erroneous. All of these recommendations, including the eligibility of 50% or more, came from the veteran's groups themselves. This differs from the 100% disabled in that this group of people insisted that \$10 go toward the cemetery instead of \$5 because that is something they believe in. This measure is something we can do that won't cost the state that much money. It is just the right thing to do.

EXECUTIVE ACTION ON HB 620

Motion: **REP. CLARK** moved that **HB 620 DO PASS.**

REP. TROPILA said he had a conceptual amendment and asked **Legislative Staffer Taryn Purdy** to explain it. **Taryn Purdy** said his conceptual amendment would clarify the intent on the second line of the bill, line 7.

Motion/Vote: **REP. TROPILA** moved that **CONCEPTUAL AMENDMENT TO HB 620 BE ADOPTED. Motion carried unanimously.**

REP. BUZZAS asked if the amendments needed to be moved or if they had been added to the bill. **REP. VICK** said he understood they had already been added to the bill.

Motion/Vote: **REP. BUZZAS** moved that **HB 620 DO PASS AS AMENDED**.
Motion carried unanimously, 18-0.

HEARING ON HB 10

Sponsor: **REP. DAVE KASTEN, HD 99, BROCKWAY**

Proponents: **Tom Livers, Department of Environmental Quality**
Jim Nolin, Dept. Public Health & Human Services
Peggy Grimes, Montana Food Bank Network
Larry Longfellow, Montana Veterans of Foreign Wars
Vicki Lynne, National Center for Appropriate
Technology
Greg Groepper, Energy Share

Opponents: **None**

Opening Statement by Sponsor:

REP. DAVE KASTEN, HD 99, BROCKWAY said HB 10 would appropriate oil overcharge monies collected from certain oil producers to pay restitution for violations of federal and allocation controls. Overcharge money is used to supplement state and federal programs in a manner consistent with federal court orders and the program is administered by the Department of Environmental Quality. Collections are falling and the program will survive 3-4 years. The bill appropriates \$15,000 to the department of public health and human services (DPHHS) for food bank network transportation, \$3,000 to department of environmental quality (DEQ) for developing an ethanol cooperative, \$11,000 goes to DPHHS for senior's transportation, \$5,000 goes to DEQ for soil moisture monitors, \$229,000 to DPHHS for low income home weatherization, and \$300,000 goes to DPHHS for energy share.

Proponents' Testimony:

Tom Livers, Department of Environmental Quality said the state began receiving oil overcharge payments in the mid 1980's and the funds were first appropriated in the 1987 session. They represent payments from oil companies for allegedly overcharging consumers. In the late 1980's and 1990's, the total oil overcharge funds each biennium were in the \$10-15 million range, but they have declined considerably from that peak and funds available this session are considerably less. They anticipate \$260,000 in new

oil overcharge funds available this biennium. Note that HB 10 appropriates considerably more than this figure, a total of \$563,000 in new funds, in the event that additional settlement funds become available. This is consistent with how the legislature has treated these funds the last few sessions. Because they come from settlement payments, it is difficult to predict exactly when the funds will become available and how much the funds will be. Settlement terms dictate that these funds be used for energy related activities. The budget office has historically involved DEQ in helping determine the eligibility of such activities and preparing the necessary plans and reports for the U S Department of Energy who oversees the settlements. DEQ participated again this year in the proposals, along with the budget office, DPHHS and Energy Share. He said they support the activities presented.

Jim Nolin, Department of Public Health & Human Services said he is here in support of HB 10, specifically section 4, which appropriates to the food bank network and section 8, the low income weatherization. DPHHS operates the low income weatherization program in Montana by a contract with the state's human resource development council and the state's Indian reservations. This money will allow weatherization of an additional 90 homes during the upcoming biennium. There are 10,000-12,000 homes on the waiting list, so every dollar helps.

{Tape : 1; Side : B}

Peggy Grimes, Montana Food Bank Network (MFBN) said that due to appropriations last session the food bank network was able to build its food distribution network in the eastern part of the state. Agencies were traveling over 1 million miles a year in different vehicles, coming over 200 miles one way in some cases to pick up food for distribution to low income people in their community. MFBN was able to minimize those miles by taking one truck and delivering the food around to those agencies through a transportation network in a more efficient manner. She urged support while they build the network and thanked them for their support in the past.

Larry Longfellow, Montana Veterans of Foreign Wars said he served on the MFBN for ten years as the director and the Veterans of Foreign Wars supports this effort.

Vicki Lynne, National Center for Appropriate Technology (NCAT) supports HB 10 which addresses funding for irrigation efficiency projects, section seven of the bill. NCAT spearheaded the Montana river's project on the Jefferson and Boulder rivers which is a cooperative project that addresses both energy and water

conservation issues. Participants in the Montana river's project have been using soil moisture monitors to schedule their irrigation and reduce energy and water use. Funding from oil overcharge funds would assist NCAT in expanding this program and the distribution of soil moisture monitors into other areas of the state. This would be a great benefit to irrigators in drought years and as energy prices rise.

Greg Groepper, Energy Share of Montana said they are a private, non profit agency that exists to help people pay their energy bills. He said they support the bill and ask for a DO PASS.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. FISHER asked for clarification of what overcharge money is.

REP. KASTEN deferred to **Tom Livers** who said the money comes from settlements that have been reached between the federal government and oil companies. They were allegedly overcharging consumers in 1970's and 1980's. These settlements were reached as an alternative to litigation. They came down as a series of settlements, the early ones had specific companies associated with them; Exxon, Chevron, etc. The last ones were aggregated stripper well companies.

Closing by Sponsor:

REP. KASTEN thanked the committee for a good hearing and all the proponents for coming to testify.

EXECUTIVE ACTION ON HB 10

Motion: **REP. KASTEN** moved that **HB 10 DO PASS.**

Motion: **REP. KASTEN** moved that **HB001001 TO HB 10 BE ADOPTED.**

REP. KASTEN distributed Amendment HB001001, **EXHIBIT(aph56b02)** and explained the amendments. The first amendment, page 3, line 20 states that the legislature is not appropriating funds directly to a non-profit organization, the second, page 3, line 22 allows Energy Share to serve eligible families. That program is due to shut down April 30, so this will allow it to continue.

REP. VICK said it came up in subcommittee that we are not allowed to make direct appropriations to private companies, whether they are profit or non-profit. They felt the language in the bill should be cleared up, and that is the reason for the amendment.

Motion/Vote: REP. KASTEN moved that HB001001 TO HB 10 BE ADOPTED.
Motion carried unanimously.

Motion: REP. KASTEN moved that HB10 DO PASS AS AMENDED.

Motion/Vote: REP. KASTEN moved that HB 10 DO PASS AS AMENDED.
Motion carried unanimously, 18-0.

EXECUTIVE ACTION ON HB 177

Motion: REP. LINDEEN moved that HB 177 DO PASS.

REP. LINDEEN explained HB 177 extended unemployment benefits for another 26 weeks for the employees of Montana Resources who have been laid off. Appropriations Committee was waiting for REP. KEANE and the Governor to come to an agreement everyone would be happy with, but it did not come. REP. KEANE has asked that we go ahead with Executive Action. She said she had an amendment.

Motion: REP. LINDEEN moved that AMENDMENT HB017701 TO HB 177 BE ADOPTED.

Legislative Staffer Taryn Purdy explained Amendment HB017701, **EXHIBIT**(aph56b03). It requires Montana Resources to post a surety bond to ensure that if they do not reopen, that company would reimburse the unemployment insurance fund for the extra funds that will be taken out for these additional benefits.

REP. LINDEEN said one of the arguments that came up during discussion was that there may be some undue effect on those that are paying into the unemployment insurance fund. They did not want to raise the rates of other employers across the state as a result of this bill. The amendments would take care of that.

REP. KASTEN asked if this comes up again, do we know that this amendment is a "one size fits all". REP. LINDEEN said the amendment deals with making sure that Montana Resources will put up a bond covering the cost of extending unemployment insurance benefits. The question you are asking has more to do with other companies that may be in the same situation. REP. KASTEN said that is the question. This refers to one case, and maybe as we work through the bill the question will be answered. We are doing this for one case, what are we going to do with others? REP. LINDEEN suggested saving that discussion for the bill.

REP. TROPILA asked if the sponsor is aware of the amendment.

REP. KEANE said he knew about the amendment but had not talked to

the company recently about the amendment. He said we should talk to the company to see whether they were willing to go along.

REP. VICK said the company's financial problems might affect their ability to get a bond like this. The newspaper said that Washington Corporation was having difficulty obtaining bonds to cover their construction and that might also affect this.

REP. MCCANN said he questioned the timing of the purchase of the bond. The language may not be clear that the bond had to be bought prior to the activity of extending benefits. **REP. LINDEEN** referred to section (5) of the amendments: Montana Resources must file a surety bond with the Department of Labor and Industry within 20 days of the effective date of this act. **REP. MCCANN** said section (5) is not clear. It sounds like they could extend the benefits and then within 20 days of the benefits being extended, they have to come up with the bond. But by then you have already gone into the period of time of the extension of benefits. **Legislative Staffer Taryn Purdy** said the amendment was designed to have the surety bond purchased within 20 days of when the act goes into effect. The point of it would be to reimburse the fund at some point before those benefits were paid out, so the fund would not be stuck with paying it.

REP. DAVIES said it would appear we need some input from Montana Resources before we can make a decision on this. Perhaps a tabling motion would be in order until we get that.

REP. BUZZAS said another way to look at this is if we do pass this amendment, it does put that condition on the money coming, so it would say they will not get the money unless they provide a surety bond. Rather than trying to guess whether they can come up with that or not, we are placing it as a condition. If they can't, the money does not come forward.

REP. FISHER said since the company had not agreed to this, he did not see how we could move forward. They will have to furnish that bond before the rest of the bill passed, before we could make the payments.

REP. JAYNE commented on the amendment. She said she knew there was a need, but in a legal framework it seemed we were trying to turn it into a contract with Montana Resources, which I don't think is the intent of the legislature. She doesn't see how this will be worked out, but this seemed like a contract.

REP. HAINES asked what this does to the trigger on this, as opposed to if we have more companies with this problem and it started to raise the amount of unemployment. He said 6 1/2%

triggers a tax on the employers to bring the fund back up to balance. How would this bond play in that environment? Would that count against it? Would you say that whatever they paid was gone? **Taryn Purdy** said she is probably not qualified to answer. One of the purposes of the amendment is to ensure that the trigger does not hit. The fund would be reimbursed, therefore the tax on all other employers would remain at the same level.

REP. LEWIS said this concerned him. If Montana Resources wanted to provide additional assistance to its employees, why are we going through this process. If Montana Resources were to go through this, their employees would draw longer benefits than the employees of perhaps ASARCO, who may choose not to go through this process. It would be a really confusing situation that would be hard to explain to people. Why is one group of people getting state unemployment for an extra 13 weeks more than another group. It seems we are interfering with something we should stay out of. If Montana Resources wants to buy some additional time, they should go ahead and pay their employees and not involve the state through the unemployment insurance fund.

REP. LINDEEN closed on her amendment by saying this is a fairly simple amendment which does exactly what people were concerned about, which was ensuring that we keep the unemployment insurance fund whole. This is a good option. We are placing a condition on the company so we can use the unemployment insurance fund for its intended use which is to ensure the workers are taken care of. There is more than enough money to do what needs to be done.

Motion/Vote: **REP. LINDEEN** moved that **AMENDMENT HB017701 TO HB 177 BE ADOPTED**. Motion failed 4-14 with Buzzas, Callahan, Kaufmann, and Lindeen voting aye.

Motion: **REP. TROPILA** moved that **AMENDMENT HB017702 TO HB 177 BE ADOPTED**.

REP. TROPILA explained Amendment HB017702, **EXHIBIT (aph56b04)**. He said it will cut the benefits from 26 extra weeks to 18 weeks and will save part of the fiscal note about \$1 million.

CHAIRMAN VICK said there are two concerns. This amendment tries to address them, but he doesn't feel that it succeeds. The problem is how to treat companies equally and how do we make sure this does not have a long term negative impact on our unemployment insurance fund. There is a large balance in the fund, but if we happen to have more companies going under, insurance rates usually go up. The biggest concern is how to treat companies equally without doing different bills. If unemployment hits 6½%, everybody gets 13 or 26 weeks of

additional unemployment benefits. The way we probably need to handle this is to let the system work. Changing this to 18 weeks or 4 weeks or whatever would not solve his concerns with the bill. He is ambivalent with the amendments, but it does not solve the problem.

{Tape : 2; Side : A}

REP. FISHER asked about everyone getting the 18 weeks but at a reduced level. For example if they are getting \$263 a week now, cut it back \$100, give everyone \$163 a week and extend it to everyone for the 18 weeks. That way we treat everyone the same, even though it is at a lesser amount. If it is important we fund this Butte-Silver Bow thing, this would be one way of treating everybody the same and they would get their additional time.

REP. TROPILA suggested using HB 177 as the vehicle and you could extend it to everyone by striking Montana Resources throughout the bill. That way it would include ASARCO and a few others. He asked **REP. KEANE** to comment. **REP. KEANE** said that was the original bill he wanted to put in, but when they went to the federal people, the only way to extend benefits is if the company is identified by name. That is why the bill ended up being crafted like it is.

REP. TROPILA said if the committee wants to insert ASARCO and the others by adding the names, would federal government restrictions be satisfied then? **REP. KEANE** said any number of individual names could be added and would be acceptable. The concern is whether the other companies want to be involved and have their rates go up right away.

REP. VICK said the concern is that if you announce a closing while the legislature is in session there might be a chance to extend unemployment benefits for the workers, but the opportunity isn't there at other times of the year. It isn't appropriate.

REP. MCCANN asked if there was other language to address further layoffs. Are you certain it has to name the companies? **REP. KEANE** said he is positive. With this he is trying to take a unique group of people who got bad information from the company and the labor department that they were going back to work. They were told not to go to work until September, so the reason for the amendment is to take this unique group of people and at least get them through the winter. The other companies that are getting laid off may get the 26 weeks. Columbia Falls will get paid for a year. We have to take a look at each situation, and that is a hard thing to do.

REP. BUZZAS spoke in favor of the amendment. This is a special situation where the company said they wanted to extend the benefits because their intention was to put these people back to work. The prior amendment would have given insurance to make sure that they pay it back. This is a good compromise. We will see more of this, and it would be hard to anticipate and fashion a law that would treat everyone equally. As legislators, we often see individual situations with unique circumstances come before us and we fund them. We just did it with Purple Heart veterans on licenses. This is not that much different. It does not matter if we are making a contract with a company. When we do a law, we spell out the law and we appropriate dollars to do that. This is something we need to do. The energy situation which is a result of legislative action has put these people in this situation. The employer has come to the state in good faith to say we want to extend these benefits because we hope we can get through this period and then we want to put them back to work.

REP. KASTEN commented on the amendment. We do have the dislocated worker program in place that the Department of Labor and Industry has with some dollars in it that could be utilized in an instance like this. He said he had the same concerns about extending this as to what it will do to the overall system and does not know if this has been looked at. He said he opposed the amendment.

REP. LEWIS said he agreed. There are many large companies in the same situation now and he would have to oppose both the bill and the amendment. He is concerned that we are heading into uncharted waters and don't know what we will face in the next few months. If we have one company and a month from now something else happens, we don't know where to stop. In fairness, we need to be worried about where we are now, and do we have enough money to take care of the obligations we may see in the next six months.

REP. TROPILA closed by saying that this amount of money is above the cap of the fund and is something we can do because of the unique situation they were placed in by being promised they would probably go back to work and not to look for other employment. It is a different situation than the others are experiencing. These people have already exhausted part of their funds and won't have any money coming in during the winter.

Motion/Vote: **REP. TROPILA** moved that **HB 017702 TO HB 177 BE ADOPTED. Motion failed 6-12 with Buzzas, Callahan, Kaufmann, Lindeen, Pattison, and Tropila voting aye.**

REP. JAYNE said people she had talked to felt it was not fair to do this for one company. She would have no objection if it was a

generic language for any company. She said she would not be able to support the bill.

REP. KAUFMANN said she supported the bill. This is a fund that has money and we have an opportunity to help fellow Montanans who are experiencing a tough time because of the electricity crisis. This is a rainy day fund and that is what this fund is for. Other companies could have stepped forward and taken advantage of this, but they must feel they are not in that situation.

REP. LINDEEN closed by saying that in 1997 this legislative body made a choice to pass electricity deregulation. The workers at Montana Resources and other industries that are being affected had little or no voice in that decision. It was made without serious study and consideration. She said that we have a responsibility to these people. They are skilled highly paid workers who have made their homes in Butte and they don't want to leave. You can't put these workers in a dislocated worker's program and expect all of them to be re-employed in the state in a matter of weeks. There will be at least two other bills coming up which we can continue to work on to address these other folks. She said she is concerned for other workers too.

Motion/Vote: **REP. LINDEEN** moved that **HB 177 DO PASS. Motion failed 5-13 with Buzzas, Callahan, Kaufmann, Lindeen, and Tropila voting aye.**

Motion/Vote: **REP. LEWIS** moved that **HB 177 BE TABLED. Motion carried 13-5 with Buzzas, Callahan, Kaufmann, Lindeen, and Tropila voting no.**

REP. MCCANN said if there are other vehicles they should be used to address this situation and the concern of the committee, which is fairness, and not knowing what is on the horizon.

REP. BRUEGGEMAN said he was also concerned about the people in Butte losing their jobs and leaving the state. We can argue about why, but the fact is that they are out of work. He is not opposed to helping them, but we need to be responsible to the other companies in the state. He suggested that **REP. KEANE** look for another vehicle to address this concern.

REP. LINDEEN said she respected everyone's opinion and hoped to find another vehicle to address this.

REP. VICK handed out a list that lists the fiscal impact of all the bills they have in Appropriations Committee,
EXHIBIT (aph56b05) .

EXECUTIVE ACTION ON HB 32

REP. MCCANN referred to the list in exhibit (5) and moved to table HB 32.

Motion/Vote: **REP. MCCANN** moved that **HB 32 BE TABLED**. Motion carried 15-3 with Buzzas, Jayne, and Kaufmann voting no.

EXECUTIVE ACTION ON HB 38

REP. LEWIS referred to the sheet and moved DO PASS on HB 38. This was part of our Temporary Assistance for Needy Families (TANF) revision and we included the money in HB 2 to provide funds to the Department of Public Health and Human Services to fix people's cars so they can get to work. In order to have the authority to purchase state vehicles, they need HB 38.

Motion: **REP. LEWIS** moved that **HB 38 DO PASS**.

REP. MCCANN asked how many vehicles there would be across the state that would be available for this program. **REP. LEWIS** said they put around \$200,000 of one time money in that fund. The department assured the subcommittee that they would only rarely purchase vehicles. The intent was to use the money for repairs. His guess was only several dozen a year. **REP. MCCANN** said he was not in favor of this. He would rather the dollars went toward education so they could get off welfare. He agreed they do need the vehicles too and there aren't any wrong decisions to be made.

REP. BUZZAS said she is in favor of this. If we truly want people off welfare and into work, we need to help. People have to have dependable transportation to get to work. This is something we can do at very little expense to the state. It is using the vehicles we are discarding to give people that edge to keep their job, keep them employed, keep them paying taxes and off welfare.

CHAIRMAN VICK asked if there was a program in this. **REP. LEWIS** said that is correct. They sit down with people who are receiving cash assistance and develop plans to get them to work and off the program. The department told him that without this statutory language they did not feel they had the option of going to the surplus property pool and picking up a vehicle for someone.

CHAIRMAN VICK asked if the program is set up in HB 2. Where are the rules written? **REP. LEWIS** said the rules would have to be developed by the department. He asked Carlene Grossberg to speak.

Carlene Grossberg, Public Assistance Bureau and administrator of the FAIM program. She said Glendive had a project where community people donate cars. They have used TANF funds to fix up

those cars and sell them at a low price. Paying the money back establishes credit for them and gives them transportation. The money is used to buy additional cars for resale. This proposal would allow the purchase of state surplus vehicles. The fiscal note included 25 vehicles and \$87,000 each year. They have a line item in HB 2 for 2001 of \$800,000 for a transportation program and they are hoping that private non-profits around the state will replicate that for the Glendive program and that these vehicles could be "seed" vehicles. She said they would talk to the Gate Program and see how the rules are set up to see if they have a repossession policy as well as a payback policy. They would write rules to govern the use of this money and the cars.

CHAIRMAN VICK said he doesn't think the legislature should be in the car business. The car dealers don't oppose it, but it doesn't seem like a good idea to be in that business.

REP. FISHER doesn't see how you can take someone on minimal wage and give them an automobile. No matter how well you do it and how well intentioned you are, they are going to have to buy tires, insurance, maintenance, gasoline, etc. He doesn't think we are doing these folks a service and would like the committee to look at it in that light. He said he can't support this.

{Tape : 2; Side : B}

REP. BUZZAS said we have to realize this is not a loan. We would be giving them to community organizations who arrange for people to own these cars. They will be better cars than what they have access to now because they have been maintained by the state and they do have a life left in them. It won't impact the state in any way, but it will make a huge impact on the lives of the people that need the vehicles. They will be able to maintain the cars because they will be able to stay working.

Motion: **REP. KAUFMANN** moved that **AMENDMENT HB003801 TO HB 38 BE ADOPTED.**

REP. KAUFMANN said Amendment HB003801, **EXHIBIT(aph56b06)**, is a technical amendment. The vehicles come from the department of administration, not from the department of transportation.

REP. LEWIS said that originally vehicles came from the department of transportation, but now they come from all over and the department of administration handles it for all departments.

Motion/Vote: **REP. KAUFMANN** moved that **AMENDMENT HB003801 TO HB 38 BE ADOPTED. Motion carried 17-1 with Fisher voting no.**

REP. MCCANN asked if there is a current program within DPHHS to address the repair and maintenance of a car if it breaks down.

REP. LEWIS said they are doing this now. This is just the next step, to allow acquisition of vehicles.

REP. CALLAHAN said he is in favor of the bill and is aware of many people who would benefit from it. In the Great Falls area there are many outlying areas where rent is much cheaper and as a result, many live a considerable distance from their jobs. They don't have alternative sources of transportation available, and many of the jobs are evening shift jobs. It is critical to have reliable transportation in Montana.

REP. KAUFMANN spoke in favor of the bill. The department does have a large pot of money that they are required to expend. This is one way that a few people at least can have a much needed service that can keep them employed and on their job.

REP. KASTEN said he understood the Glendive program was working well, but that voluntary programs usually work a lot better than government supported programs. How many dollars are involved in that? **Carlene Grossberg** said the Montana Gate Program has processed and turned around 39 vehicles in the past 2-3 years. She doesn't believe anyone defaulted. They use their supportive services funds to help buy tires or fix transmissions, etc. They do have different versions of assistance with transportation, but this would allow opportunity for other private non profit groups doing similar programs. **REP. KASTEN** asked if the legislature had put money into that program. **Carlene Grossberg** said the only money they have put into that program has been supportive services dollars. It has been almost all donations. They set it up that a person going into a nursing home would donate their car and get a tax credit and that type of thing. **REP. KASTEN** said if a community like Glendive can do things like this, Great Falls could be doing that too.

Motion: **REP. LEWIS** moved that **HB 38 DO PASS AS AMENDED.**

REP. LEWIS said that after he learned he would be chairing the subcommittee on human services, he worked at the Good Samaritan for about 14 days in December. They provide cash assistance to people and fill gaps in the state program. 80% of the gaps were in transportation. One example was a woman who was hitch-hiking every night at 10PM to her job in Alhambra and hitch-hiking back to Helena in the morning. There were people walking from the west side of town over to St. Peter's Hospital to work the night shift in December when it was 15 below. We have moved 10,000 people from the welfare program to work, and we have 4,000 left. The average wage is \$5.25 an hour and they are having a tough

time. This original idea was **former Senator John Cobbs'** and it really makes sense. Anything we can do to keep them in the working world, they are a lot better off than having to go back on the welfare program.

Motion/Vote: REP. LEWIS moved that HB 38 DO PASS AS AMENDED.

Motion carried 12-6 with Davies, Fisher, McCann, Pattison, Vick, and Witt voting no.

EXECUTIVE ACTION ON HB 291

Motion: REP. LINDEEN moved that HB 291 BE TABLED.

REP. LINDEEN said HB 291 was her bill that would appropriate \$6.2 million to agricultural experiment stations around the state. Obviously we don't have \$6.2 million, and in light of recent developments with the long range planning committee, we may be able to get a little funding from them for the project and get it started.

Motion/Vote: REP. LINDEEN moved that HB 291 BE TABLED. **Motion carried unanimously.**

CHAIRMAN VICK said currently in HB 14 there is \$1 million of bonding and the ability to spend \$1 million of private donations. HB 291 did do some good, even though it was tabled. REP. LINDEEN thanked the members of the long range planning committee.

EXECUTIVE ACTION ON HB 65

Motion: REP. MCCANN moved that HB 65 BE TABLED.

REP. MCCANN said he was sorry to do this, but it would not be appropriate to leave the program out there in light of the decisions they are having to make.

Motion/Vote: REP. MCCANN moved that HB 65 BE TABLED. **Motion carried unanimously.**

EXECUTIVE ACTION ON HB 122

Motion: REP. DAVIES moved that HB 122 BE TABLED.

REP. DAVIES said there are \$47-48 million in HB 122. REP. VICK said this is REP. LEE's bill on the child support assurance program. He said he felt strong dissent and asked to have the motion withdrawn so they could have discussion.

REP. DAVIES withdrew his tabling motion on HB 122.

REP. LINDEEN said she feels strongly against tabling the bill without any discussion. The sponsor has worked very hard with this committee and other entities to try and get something going with this bill, a pilot project, etc. At the least, she would like to see an interim study.

CHAIRMAN VICK said there have been some amendments, and we did have a discussion when we were in HB 2, trying to get some funding for this. That motion did not pass and it is somewhat of a uphill struggle getting this bill passed.

REP. BUZZAS asked if they could wait until tomorrow. The sponsor was looking at possible amendments to do some of the things **REP. LINDEEN** talked about. Could we postpone this.

CHAIRMAN VICK said they would wait one day.

EXECUTIVE ACTION ON HB 57

REP. MCCANN asked if HB 57 and HB 273 were addressed in HB 2.

REP. LEWIS said we addressed HB 273 and funded it in HB 2. There is a potential amendment on HB 273. But HB 57 isn't going to go anywhere because people representing the Governor said they were opposed to the bill.

REP. HAINES spoke about HB 57. He said he had not been able to get any follow up information about the bill. **REP. LEWIS** said the Division Administrator for the Board of Housing was the one who testified. **REP. LEWIS** said he talked to Mike Foster. **REP. LEWIS** said he was in favor of tabling the bill. It is a bad choice to make when we have that section 8 reserve, whether the Governor is there or not. They did present testimony to that effect. **REP. HAINES** said he would still like to find out where the administration stands on this. He had a lot of feedback from his constituents, and this offered good potential to help some folks. He would like a shot at it before it is thrown away.

EXECUTIVE ACTION ON HB 324

Motion: **REP. MCCANN** moved that **HB 324 BE TABLED**.

REP. MCCANN said HB 324 is licensing for drop in day care. Does anyone have any amendments to direct funding of that bill? He asked for discussion.

EXECUTIVE ACTION ON HB 273

CHAIRMAN VICK said that while the committee was looking at their notes, **REP. LEWIS** and **Taryn Purdy** had found a way to handle HB 273 so they will do HB 273 next.

REP. LEWIS said we needed an amendment to HB 273 to allow them to use TANF (Temporary Assistance for Needy Families) money. We have to make sure that the money is used directly for TANF recipients. It seemed to be an agreed upon amendment, and we do have enough TANF money in HB 2.

Motion: **REP. LEWIS** moved that **HB 273 DO PASS.**

Motion: **REP. LEWIS** moved that **CONCEPTUAL AMENDMENT TO HB 273 BE ADOPTED.**

REP. LEWIS said the conceptual amendment would allow the board of housing to run a housing revolving fund with this \$3.5 million of TANF money. We needed a change in the board of housing statute to make sure the money was used in the approved way under the TANF program.

CHAIRMAN VICK said it looked like this bill was a transfer of funds and we did that in HB 2. Since it is only a transfer of funds and the transfer is contingent on language in HB 2, he said he doesn't understand why it is needed.

Legislative Staffer Taryn Purdy said currently this fund allows uses that TANF does not allow. If you are going to transfer the money in there, the statute needs to be changed to insure that TANF funds are used in accordance with the federal. In HB 2, you appropriated the funds; this bill actually transfers the funds into the account so they can be appropriated. It is a language appropriation only in this bill. The amendment changes the statute and that is within the scope of the bill.

Motion/Vote: **REP. LEWIS** moved that **CONCEPTUAL AMENDMENT TO HB 273 BE ADOPTED. Motion carried unanimously.**

Motion/Vote: **REP. LEWIS** moved that **HB 273 DO PASS AS AMENDED. Motion carried unanimously.**

EXECUTIVE ACTION ON HB 324

REP. MCCANN asked if there is both a funding issue and a language issue on HB 324. **CHAIRMAN VICK** said he thought **REP. MANGAN** indicated he would accept an amendment so the bill would not cost any money and they could do it with existing resources. Is that

correct? **REP. TROPILA** said he thought that informational witness Mr. Hudson agreed, he said it could be accommodated presently.

REP. BUZZAS said her notes indicate they would not need general fund, but they need the statutory authority allowed in the bill.

CHAIRMAN VICK said they have an amendment, HB032401, **EXHIBIT (aph56b07)**, that says no separate appropriation of state money is necessary to carry out this bill. If we are going to pass this bill, he would like to have this amendment on it to make the intent clear.

Motion: **REP. TROPILA** moved that **HB 324 DO PASS.**

Motion: **REP. VICK** moved that **AMENDMENT HB032401 TO HB 324 BE ADOPTED.**

REP. KAUFMANN asked if this is a new practice. She envisioned the law eventually being cluttered up with a lot of sections like this. Has this been done before? **CHAIRMAN VICK** said it is new to Montana but it is done in other states. **REP. LEWIS** asked if this is codified, or is it like appropriation language and only good for two years. **Legislative Staffer Taryn Purdy** said there is no instruction on codification in the bill. She will clarify.

Motion/Vote: **REP. VICK** moved that **AMENDMENT HB032401 TO HB 324 BE ADOPTED. Motion carried unanimously.**

Motion: **REP. TROPILA** moved that **HB 324 DO PASS AS AMENDED.**

REP. BUZZAS spoke on why the bill is needed. She said most people won't misuse or take an opportunity to make money off children or mistreat children, but it does happen occasionally. That is why we have daycare licensing laws. This is a new thing because we have more drop in daycare. She is not making an assumption that the children are not being treated well, but does know of a specific case where way too many children were being cared for at a drop in facility and the children were even being given drugs to make them sleep. The laws have been weakened, but they do establish a minimum level of safety, they look at space, beds, having certain age groups and having so many workers per child, having a higher percentage of workers for infants. Children suffer when those conditions are not met. In some drop in situations, the parents don't know because there were only three children there when they dropped their child off. But later there could be 20 or 30. **{Tape : 3; Side : A}** These are very minimum standards and she said they are really needed to protect children.

REP. DAVIES said he opposed the bill. He remembered a comment that it is hard to find daycare. This would put more restrictions on who could offer it. Government requirements make it more difficult to establish daycare facilities, even if they are minimal. People get overly trusting when something is properly licensed. Parents have a certain responsibility to personally check out daycare facilities, whether they are licensed or not. He said he doesn't think this will do anything except make it more difficult to find daycare.

CHAIRMAN VICK said that was some of his concern too. We will make daycare more expensive, because there will be people who will turn down kids because they don't want to come under the regulations we are passing here. We already have licensed daycare and people can use that. We are stepping into an area where we don't need to be. There have not been an overwhelming number of complaints to make this necessary. All the mail he received was opposed to this bill.

Motion/Vote: **REP. TROPILA** moved that **HB 324 DO PASS AS AMENDED**. **Motion failed 8-9 with Buzzas, Callahan, Haines, Jayne, Kaufmann, Lindeen, Peterson, Tropila voting aye.**

Motion/Vote: **REP. BRUEGGEMAN** moved that **HB 324 BE TABLED**. **Motion passed 9-8 with Buzzas, Callahan, Haines, Jayne, Kaufmann, Lindeen, Peterson, Tropila voting no.**

EXECUTIVE ACTION ON HB 217

Motion: **REP. BUZZAS** moved that **HB 217 DO PASS**.

REP. BUZZAS said this is on the WIC farmer's market where the department comes up with some money to match federal money so the recipients can spend coupons at farmer's markets to purchase food. She said the bill is needed for the same reasons as **REP. ERICKSON's** bill, even though it is in TANF. Should this be amended before we pass it, because it is in HB 2. It is in the department's budget, so it is still general fund. Do we need an amendment? **REP. LEWIS** said it is funded from TANF in HB 2 and this is just an appropriation. The bill is not necessary, because it is in HB 2 as a line item. If we pass this appropriation, we would have to take it out of HB 2. **REP. BUZZAS** said she would amend this to say TANF funds, the statutory language is needed. **Legislative Staffer Taryn Purdy** commented that the bill does not make any statutory change or any allowance. It is a straight appropriation, so if it is in HB 2 that would be a doubling of the appropriation. This bill does not do anything except appropriate funds.

REP. BUZZAS said her only concern is that we make sure the money is spent in that way. **REP. LEWIS** said that motion was passed over his objections when we did the budget. It is restricted, it is line item and couldn't be spent for any other purpose. He said he did not know of any reason why it would be changed. **REP. BUZZAS** said then she could withdraw her motion and it could be tabled but that is a hard decision. She asked if they should wait a few days and see what happened with HB 2. **CHAIRMAN VICK** said if you would like to wait that is okay. **REP. BUZZAS** said she would like to wait until Monday and she will move to table it at that time.

REP. KASTEN asked about the list in exhibit 5. His concern is passing language to assure that funds go to a certain place. What will happen down the road in unfunded mandates, etc. if we have this codified. If the funding source is dried up in a few years, what are we going to do at that point? **CHAIRMAN VICK** said that on **REP. ERICKSON'S** bill, it was a one time transfer. **REP. KASTEN** commented that it starts a revolving loan. **REP. MCCANN** said the history of this is important. Affordable housing was passed last session so the statutes are there. The money came into that fund this session, so there is a concern. If we didn't want affordable housing, we should never have passed the statute to begin with. But we passed it and now we are funding it. **REP. KASTEN** said we also put the language in there and the funding is one time. The concern is that the language is still there. **REP. MCCANN** said he had asked the same question. It can be dealt with next session if necessary.

EXECUTIVE ACTION ON HB 608

Motion: **REP. HAINES** moved that **HB 608 DO PASS.**

REP. HAINES said this allowed recording of value the state received rather than money. If a fine is levied against a company of \$100,000 and in the negotiation they offer \$20,000 worth of road work, we put \$80,000 in the general fund but if we put the value of the road work in there it takes an appropriation to take it off the books when the road work is done. The bookkeepers say it should be put into a special account so they can show it as an expense when the road work is done. This would allow the proper recording of non monetary values.

REP. TROPILA said it is a non state, non federal state special revenue account. There isn't any money in it, it is just a place to record it until the work has been finished when it can be expensed off.

Motion/Vote: REP. HAINES moved that HB 608 DO PASS. Motion carried unanimously.

EXECUTIVE ACTION ON HB 348

Motion: REP. MCCANN moved that HB 348 BE TABLED.

Motion/Vote: REP. MCCANN moved that HB 348 BE TABLED. Motion failed 4-14 with Jayne, Kaufmann, McCann and Pattison voting aye.

Motion: REP. LEWIS moved that HB 348 DO PASS.

Motion: REP. LEWIS moved that CONCEPTUAL AMENDMENT TO HB 348 BE ADOPTED.

REP. LEWIS said the issue pertains to privatization of liquor stores and potential loss of revenue, but they actually got a \$3 million increase. He handed out "HB 348 General Fund Revenue Impacts", EXHIBIT (aph56b08) which shows what the proposed amendment would do. The bill asked for commissions to be increased over several years so they got the \$3 million a year. The amendment would phase in a growth in commissions that would split the difference so the state would get half and they would get half. It starts in fiscal year 2003 at a cost of \$288,000 to the general fund. REP. LEWIS said in all fairness we should give them some relief on this because they have made a lot of investment in the program and they are making the state a lot of money. Commissions would increase through 2004 and 2005. The concept is that they would get some increase in commissions, but it would be half of what they thought was appropriate.

REP. BUZZAS asked if this would just phase them in on a different schedule but would make it whole in the long run. REP. LEWIS said they wanted \$3 million and this gave them \$1.5 million and started one year later. REP. BUZZAS spoke in favor of the amendment that we do need to make an effort to correct this. There were some assumptions made at the time of privatization, and this is a situation we need to improve. She said she would support the amendment.

REP. MCCANN asked if the liquor store owners are able to sell liquor to the public and if they can charge whatever they want. CHAIRMAN VICK said that is his understanding. REP. MCCANN said if they were to sell a case of liquor to a bar, they are restricted as to how much they can make in profit on that case. He said he does not understand, after seeing the reductions in revenue to the state, why we should participate in that deal. If we want to participate, let them work with the tavern owners. He pointed out the differences as the numbers jump from \$288,608 up

to \$956,558 with **REP. LEWIS'** amendment. We are bickering over a lot of little programs, some of which are quite meaningful, and these guys come in and we are going to accommodate them. There are other ways to accommodate them.

REP. FISHER said he could understand where **REP. MCCANN** is coming from but the legislature told the liquor store owners when they bought the stores that we would participate with them on any increase and that we were going to protect our interests. If you look at the liquor profits that the state makes, then you add on the wine profits, we are not going to go broke over this. We are going to help the little guy. There are 98 people who are going to benefit from this bill and we are the franchise holder of the Montana liquor warehouse, we are a monopoly. If this were a private business they would be trying to break this monopoly up, but it was created by the legislature. As long as we insist on being the monopoly supplier and on franchising these people where they can't do business elsewhere, we have to live with this.

REP. JAYNE commented that **Jackie Thomas** came in and stated that her store contributed \$1 million to the state and yet she wasn't making it.

REP. BRUEGGEMAN said he would reluctantly support this amendment. He said it is against his philosophy that the state should actually be making money in this game. We should not be in this business. If you want it more regulated that is fine, but we should not be making money at the expense of the private sector. He said he does not support the state making any money on this, but if this is what it takes to get the bill through, he said he will support the amendment and the bill.

REP. BUZZAS said she shares **REP. MCCANN's** frustration with this. It sounds like the deal that was made as that legislation went through is the tavern owners came in and went from 5% to 8% savings on their purchases. She said that is wrong, but on the other end, she doesn't see how much we can do about that this session. It is worth looking at down the road, because it is wrong that they got such a substantial increase. There is some inequity going on with the amount of revenue the state is collecting and the fact that it is hurting these small businesses. She said she would not be afraid to take that on in a future session, but right now we need to get this back on parity for these folks or they will go under.

REP. TROPILA said he does not think the state belongs in the liquor business. They can make money on taxes, and they should not be wholesaling liquor. That is beside the point, we have the system now; the state instituted it and it is there. What he did

not like is when they gave these employees two choices; either you accept the first right of refusal on what was bid on your store or you go get another job. The margin of profit is not very good; the larger stores are probably making it, but the smaller ones are not. He said he would like to see them go with the whole amount, but rather than lose it, he would go with **REP. LEWIS'** amendment.

CHAIRMAN VICK asked why there is no fiscal impact the first year. **REP. LEWIS** said they lagged the effective date so it would not affect the first year and was only effective in the second year of the biennium. He said his amendment changed the effective date and reduced the commission rates. The proposed bill in 2004 wanted 4 1/2% commissions and this gives them 2 1/4%. It basically cut them in half.

Motion/Vote: **REP. LEWIS** moved that **CONCEPTUAL AMENDMENT TO HB 348 DO PASS. Motion carried 17-1 with McCann voting no.**

CHAIRMAN VICK commented that it is interesting that when they were in there they said they had been at 5%, they asked to go to 10%. So we split the difference and ended up with 8%. He said he seriously considered amending that to 7 1/2% if they said they were willing to split the difference. That would have given these stores another half of a percent.

Motion: **REP. PETERSON** moved that **HB 348 DO PASS AS AMENDED.**

REP. MCCANN pointed out that in the range of discussion the little people that own these liquor stores are not making it. We keep giving them increases in their revenues and there is no reason for this to bust apart. The point is that we are not going to change it if they are satisfied financially. When you vote for this, you are putting their feet back underneath them and that is not all bad. He said he does not agree with it and would rather it went back to the free market altogether.

REP. LEWIS said he was involved in this process when he was budget director trying to privatize the liquor stores. He agreed the state should not be in the liquor business, but it would cost a lot of money to get out, so we are trying to make a bad system work. These folks came in and bought \$4 million of revenue from the state and gave that money to the general fund. They invested in these stores, they have improved them, increased the business, and increased the state's profits by \$3 million a year. It is only fair to split the difference with them because they have made some big investments. We have \$1.5 million more to spend after this bill passes than we had before we privatized.

Motion/Vote: REP. PETERSON moved that HB 348 DO PASS AS AMENDED.
Motion carried 17-1 with McCann voting no.

ADJOURNMENT

Adjournment: 5:45 P.M.

REP. STEVE VICK, Chairman

LINDA KEIM, Transcription Secretary

SV/PB/LK Transcribed by Linda Keim

EXHIBIT (aph56bad)